

## Independent Market Operator IMO PROCEDURE CHANGE AND DEVELOPMENT GROUP

### Minutes

<b>Meeting No.</b>	8
<b>Location:</b>	IMO Project Meeting Room Level 5, 190 St Georges Terrace, Perth
<b>Date:</b>	Wednesday 2 February 2011
<b>Time:</b>	Commencing at 9:05 – 10.10am

Attendees		
Jacinda Papps	Independent Market Operator (IMO)	Chair
Fiona Edmonds	IMO	IMO/Presenter
Steve Gould	Landfill Gas & Power (LGP)	Industry Representative
Neil Hay	System Management	System Management (proxy)
John Rhodes	Synergy	Synergy
Corey Dykstra	Alinta	Industry Representative
Adam Lourey	Alinta	Observer
Martin Maticka	IMO	Presenter
Shannon Turner	IMO	Minutes

Apologies		
Grace Tan	System Management	System Management
Michael Frost	Perth Energy	Industry Representative
Andrew Everett	Verve Energy	Verve Energy

Item	Subject	Action
1.	<p><b>WELCOME AND APOLOGIES / ATTENDANCE</b></p> <p>The Chair opened the 8<sup>th</sup> meeting of the IMO Procedure Change and Development Working Group (Working Group) at 9:05am</p> <p>Apologies were received from Grace Tan and Michael Frost prior to the meeting.</p> <p><i><u>Note: An apology was received from Andrew Everett following the meeting.</u></i></p> <p>It was noted that Adam Lourey will replace Corey Dykstra as Alinta's representative following MAC approval (9 February 2011 meeting).</p>	

Item	Subject	Action
	<p>The Chair noted:</p> <ul style="list-style-type: none"> <li>• Mr Martin Maticka would be attending the meeting as a presenter and subject matter expert for the Data and Interface Requirements Market Procedure; and</li> <li>• The subject matter expert was not available for the LT PASA Market Procedure due to a late meeting clash.</li> </ul>	
2.	<p><b>MINUTES OF PREVIOUS MEETING</b></p> <p>The minutes from Meeting 7 of the Working Group, held on 26 October 2010, were circulated prior to this meeting.</p> <p>The Chair notes that the minutes were ratified out of session on 9 December by Working Group members as a true and accurate record of the previous meeting.</p>	
3.	<p><b>ACTIONS ARISING</b></p> <p>The actions arising were either complete or on the meeting agenda. The following exception was noted:</p> <ul style="list-style-type: none"> <li>• <b>Item 107:</b> When there is a long break between Working Group meetings, the minutes are to be ratified by email.</li> </ul> <p>The Chair noted that this would be an ongoing endeavour.</p>	
4	<p><b>MARKET PROCEDURE FOR DATA AND INTERFACE REQUIREMENTS</b></p> <p>The Chair noted that the Market Procedure for Data and Interface Requirements had been updated to reflect the new format. Other changes include:</p> <ul style="list-style-type: none"> <li>• minor and typographical changes,</li> <li>• removing the minimum workstation requirements, specifically outlining the recommended workstation requirements while also noting that workstations with lower specifications can still connect and operate with IMO but will experience lower performance,</li> <li>• clarifying the Internet Explorer requirements for different versions of the Market Participant Interface; and</li> <li>• updating the IMO's Access Security Section.</li> </ul> <p>Mr Martin Maticka presented the specific amendments to the Market Procedure for Data and Interface Requirements to the Working Group.</p> <p>In response to comments from Mr John Rhodes the IMO agreed to:</p> <ul style="list-style-type: none"> <li>• Update the version history table with the correct Market Procedure title; and</li> </ul>	



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	<ul style="list-style-type: none"> <li>• Removal of Network Control Services, expression of interest and tender processes (RC_2010_11); and</li> <li>• Acceptable Credit Criteria (RC_2010_36).</li> </ul> <p>The Chair asked that members only review and comment on the tracked changes as the IMO is currently undertaking a wider review of its prudential processes and will propose further amendments following this. The tracked changes include:</p> <ul style="list-style-type: none"> <li>• The removal of reference to “Network Operator”;</li> <li>• further details of the form for certification and the process for providing the IMO with the certification, along with a process for applying to be listed as an acceptable credit provider,</li> <li>• the inclusion of a link to the Acceptable Credit Criteria form (form) available on the public webpage; and</li> <li>• clarification that the certification can be from either the Market Participant or the financial institutions external solicitor.</li> </ul> <p>Step 2.3.2: Mr Dykstra queried why the form could be completed by a solicitor. Ms Edmonds replied that it was a requirement of the new clause 2.38.6 of the Market Rules and ensures protection to the market.</p> <p>In response to a query by Mr Dykstra, Ms Edmonds confirmed that external solicitors to either the entity or the Market Participant may sign the form confirming an entity meets the Acceptable Credit Criteria. Ms Edmonds noted that solicitors would be liable for damages where the form was false or misleading or negligently provided.</p> <p>The IMO agreed to replace “from” with “by” in the last line of the first paragraph of clause 2.3.2.</p> <p>Mr Rhodes asked when the Market Procedure would become operational, the Chair replied when the proposed Rule Changes commenced.</p> <p>Mr Dykstra questioned the purpose of step 2.3.4, and its interactions with step 2.3.2. Mr Dykstra considered that step 2.3.4 is redundant. Ms Edmonds agreed to investigate and respond to Mr Dykstra’s query out of session.</p> <p><i>Action Point: The IMO to clarify step 2.3.4 (and its interactions with step 2.3.2) of the Market Procedure for Prudential Requirements.</i></p> <p>In response to queries by Mr Dykstra, Ms Edmonds noted that:</p> <ul style="list-style-type: none"> <li>• the solicitor signing the Acceptable Credit Criteria form (outlined in clause 2.3.5) had to be external; and</li> </ul>	<p><b>IMO</b></p>

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	<ul style="list-style-type: none"> <li>• the IMO will consult on the proposed process with the entities on the Acceptable Credit Criteria list as part of the rule change process.</li> </ul> <p>Dr Gould noted that there was a level of discontinuity in step 2.8.7 and wondered what would happen if an entity was removed from the list. Ms Edmonds responded that the Market Participant would need to seek Credit Support/ reserve capacity security from an alternative entity on the list. Dr Gould questioned the timeframes the Market Participant would have to complete this; Ms Edmonds replied that there was no time limit stated in the Market Rules.</p> <p>In response to a suggestion from Mr Dykstra the IMO agreed to amend “monthly monitoring” to “periodical monitoring” in clause 2.8.7. Noting that this would reduce the monitoring burden and allow the IMO to respond more quickly in times of financial uncertainty.</p> <p>Mr Hay asked if the same monitoring was done on lawyers if they were to cease operations. Mr Dykstra noted that the solicitor’s decision would still be covered by their indemnity insurance so this would not be an issue. In response to a suggestion from Mr Dykstra the IMO agreed to amend the Market Procedure to notify Market Participants if an entity on the list was removed.</p> <p>Mr Dykstra asked if he could consult further internally on this Market Procedure. The Chair agreed.</p> <p><i>Action Point: Working Group members are to provide the IMO with any additional comments on the Market Procedure for Prudential Requirement by 2 March 2011.</i></p> <p><i>Action Point: The IMO to update the Market Procedure for Prudential Requirements to include:</i></p> <ul style="list-style-type: none"> <li>• <i>The amendments agreed to at the Working Group meeting; and</i></li> <li>• <i>Any additional amendments forwarded to the IMO out of session (if appropriate).</i></li> </ul>	<p><b>Working Group</b></p> <p><b>IMO</b></p>
6	<p><b>MARKET PROCEDURE FOR UNDERTAKING LT PASA AND CONDUCTING A REVIEW OF THE PLANNING CRITERION AND FORECASTING PROCESSES</b></p> <p>The Chair noted that the subject matter expert was not able to attend this meeting and so advised the Working Group that although she may be able to answer some questions, any detailed questions would have to be answered out of session.</p> <p>The Chair noted that the IMO has updated the Market Procedure to reflect its new format. Other changes include:</p> <ul style="list-style-type: none"> <li>• Minor and typographical changes,</li> </ul>	

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	<ul style="list-style-type: none"> <li>• Including both reviews required under clause 4.5.15 of the Market Rules (Planning Criterion and forecasting processes); and</li> <li>• Removing direct duplications of the Market Rules to provide a more concise Market Procedure.</li> </ul> <p>Mr Hay noted a number of concerns with the Market Procedure these were:</p> <ul style="list-style-type: none"> <li>• steps 2.1.1, 2.2.1 and 2.3.1 all state that the IMO must notify Market Generators, Market Customers and Network Operators by 1 April each year of the information they require however there was no such date for System Management (proposed new step 2.4.1).</li> <li>• step 2.1.1(d) does not take into account any incremental changes i.e. new Non-Scheduled Generators.</li> <li>• it was difficult for System Management to determine frequency requirement over length of the LT PASA (step 2.2.1(a)) and System Management is concerned that they may have to produce something that is in a Market Procedure but not the Market Rules.</li> <li>• it would be difficult for Market Participants to provide all the information (required in steps 2.1.1, 2.2.1 and 2.3.1) for the next 10 years when they may not always know what this information is ahead of time. The Chair asked how other members dealt with this. Mr Rhodes responded that Synergy let the IMO know what they were aware of ahead of time and advised the IMO of any changes as they arose.</li> <li>• steps 2.6.5 – 2.6.7 do not outline any processes as to how the IMO actually completes these tasks.</li> <li>• the Market Procedure doesn't detail how the forecasts are developed.</li> </ul> <p>The Chair noted that the business Owner from the IMO would contact System Management regarding the concerns about the Market Procedure.</p> <p><i>Action Point: The IMO to speak with System Management regarding their concerns on this Market Procedure for undertaking LT PASA and conducting a review of the planning criterion and forecasting processes.</i></p> <p>Mr Rhodes questioned the deletion of step 3.2.3 when it was an express requirement of the Market Rules. The Chair replied that this step had been moved and was now step 3.5.1. Mr Rhodes also noted that the timing of the submissions had been lost. The Chair agreed to consider reinstating this step.</p>	<p><b>IMO</b></p>

Item	Subject	Action
	<p><i>Action Point: The IMO to consider reinstating the timing of the submissions into step 3.5.1 of the Market Procedure for undertaking LT PASA and conducting a review of the planning criterion and forecasting processes.</i></p> <p>Mr Dykstra questioned the intent of the changes to step 3.2.1 noting a concern that the Working Group may take the place of public comments on the review (as required under clause 4.5.16 of the Market Rules). The Chair agreed to consider including a note that that the Working Group was in addition to public submissions required under clause 4.5.16.</p> <p><i>Action Point: The IMO to consider including a note that that the Working Group was in addition to public submissions in the Market Procedure for undertaking LT PASA and conducting a review of the planning criterion and forecasting processes.</i></p> <p>Mr Dykstra suggested that there should be two different sections for the Market Procedure steps in conducting a review of the Planning Criterion and forecasting processes. The IMO agreed to consider this.</p> <p><i>Action point: The IMO to consider updating the Market Procedure to provide separate sections for procedure steps in conducting a review of the Planning Criterion and forecasting processes.</i></p> <p>The Chair noted that this procedure would be bought back to the Working Group for further review given the extent of the comments received.</p>	<p><b>IMO</b></p> <p><b>IMO</b></p> <p><b>IMO</b></p>
<p><b>6</b></p>	<p><b>MARKET PROCEDURE FOR PROCUREMENT OF NETWORK CONTROL SERVICES</b></p> <p>The Chair presented the Market Procedure for Procurement of Network Control Services to the Working Group.</p> <p>The Chair noted that as a result of Rule Change Proposal: Removal of Network Control Services expression of interest and tender processes from the Market Rules (RC_2010_11) which removes the heads of power for this Market Procedure the IMO proposes to revoke the Market Procedure in its entirety. This is because the process will no longer be an IMO responsibility (as this is being transferred to the Network Operator) and the Market Procedure will therefore become redundant.</p> <p>It was noted that the IMO will formally submit a Procedure Change Proposal noting its intention to revoke this Market Procedure in its entirety. It is anticipated that this Procedure Change will commence simultaneously with RC_2010_11.</p> <p>The Working Group agreed for the IMO to formally submit a Procedure Change Proposal which revokes the market Procedure for Procurement of Network Control Services.</p>	

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	<i>Action point: The IMO to submit a Procedure Change Proposal noting its intention to revoke the Market Procedure for Procurement of Network Control Services.</i>	<b>IMO</b>
7	<b>GENERAL BUSINESS</b> There was no general business.	
8	<b>NEXT MEETING</b> The next Working Group meeting is proposed for 23 March 2011 at 3:00 – 5:00pm.	
9	<b>CLOSED</b> The Chair thanked all members for attending and declared the meeting closed at 10:10am.	